



COMMONWEALTH BUREAU OF CENSUS AND STATISTICS

## QUARTERLY BUSINESS SURVEY No 1

### PRELIMINARY RESULTS

#### PAST AND ANTICIPATED CAPITAL AND MAINTENANCE EXPENDITURE

#### BY AUSTRALIAN BUSINESS

The Commonwealth Statistician recently instituted a series of Quarterly Business Surveys designed to fill a number of important gaps in Australian statistics. The first of these Surveys sought information on past and anticipated capital, repair, and maintenance expenditures, and the preliminary results are summarised below.

The questionnaire was sent for completion to a number of private employers selected on a scientific basis from those subject to Pay-roll Tax. Returns were received up to the date of making the preliminary tabulations from firms with pay-rolls equal to about 25 per cent. of the total pay-rolls subject to tax.

The information sought was actual expenditures on new capital equipment and on repairs and maintenance from January to June, 1947, and anticipated expenditures from July to December, 1947, and from January to June, 1948. Expenditure of each type was to be subdivided into (i) buildings and other structures, (ii) vehicles and other transport equipment, and (iii) machinery, plant and other equipment.

As was anticipated many firms found considerable difficulty, under present conditions of labour and materials supply, in forecasting their capital and maintenance expenditure, and the results of the Survey must therefore be used with some caution. Difficulty was also experienced in subdividing expenditure between vehicles and transport equipment, on the one hand, and other machinery, plant and equipment on the other.

Of the aggregate expenditure on new capital and maintenance, about 46 per cent. was expended on repairs and maintenance and 54 per cent. on new capital goods. Of the expenditure on repairs and maintenance 59 per cent. was for machinery, plant, etc., 24 per cent. for vehicles and transport equipment, and 17 per cent. for buildings and other structures. Of the expenditure on new capital goods 57 per cent. was for machinery, plant, etc., 19 per cent. for vehicles and other transport equipment, and 24 per cent. for buildings and other structures.

Expenditure in the latter half of 1947 and the first half of 1948 is expected to be substantially above expenditure in the first half of 1947. Anticipated changes are as follows:-



Class of Expenditure	Anticipated percentage changes in expenditure as compared with January-June, 1947.	
	July-December 1947	January-June 1948
<b>New Capital Expenditure on -</b>	%	%
Buildings & other structures ..	+75	+65
Vehicles & other transport equipment ..	+40	+10
Machinery, plant & other equipment ..	+35	+45
<b>TOTAL</b>	<b>+46</b>	<b>+44</b>
<b>Repair &amp; Maintenance Expenditure on -</b>		
Buildings & other structures ..	- 5	-15
Vehicles & other transport equipment ..	-15	-10
Machinery, plant & other equipment ..	- 5	nil
<b>TOTAL</b>	<b>- 7</b>	<b>- 5</b>
<b>GRAND TOTAL</b>	<b>+22</b>	<b>+22</b>

Total expenditure on new equipment and maintenance is expected to be 22 per cent. above the figures for the first half of this year both in the current half-year and in the first half of next year.

Expenditure on maintenance and repair, however, is expected to be slightly lower than in the first half of 1947, the decline being 7 per cent. in the last half of this year and 5 per cent. in the first half of next year. The decline is expected to be spread fairly evenly over each of the three sub-groups of expenditure. The figures suggest that the war-time lag in maintenance is being overcome.

New capital expenditure, on the other hand, is expected to be nearly half as big again as in the first half of 1947, the increases forecast being 46 per cent. for the latter half of 1947 and 44 per cent. for the first half of 1948. The greatest increases (75 per cent. and 65 per cent.) are anticipated in "buildings and other structures".

Expenditure on "machinery, plant and other equipment" is expected to be 35 per cent. higher in the current half-year and 45 per cent. higher in the first half of 1948. Expenditure on "vehicles and other transport equipment", although expected to be 40 per cent. higher in the current half-year, is forecast as only 10 per cent. higher in the first half of 1948.

Generally the figures indicate a very marked expansion in the current half-year followed by a steadying tendency in early 1948. The slightly lower level of the figures for the first half of 1948 may be due to incompleteness of plans for this period, or may indicate that post-war programmes of expansion are being completed. The fall, however, is so slight that it would be unsafe to draw any conclusions until a revised forecast is available after the next Survey.

New capital expenditure in the first half of 1947 was distributed between industries as follows -



	%
Manufacturing -	
Engineering, metal-working and vehicle-building	22
Textiles and clothing	7
Food, drink and tobacco	11
All other	26
Total Manufacturing	66
Mining	2
Transport	6
Wholesale trade	9
Retail trade	7
All other	10
<u>GRAND TOTAL</u>	<u>100</u>

It is anticipated that new capital expenditure will show the following changes in the latter half of 1947 and the first half of 1948:

Industry	Anticipated percentage increase in expenditure as compared with January-June, 1947	
	July-December 1947	January-June 1948
	%	%
Manufacturing -		
Engineering, metal-working and vehicle-building	90	90
Textiles and clothing	55	50
Food, drink and tobacco	65	60
All other	25	35
Total Manufacturing	55	60
Mining	150	50
Transport	-20	- 5
Wholesale trade	50	50
Retail trade	40	10
All other	5	-10
<u>GRAND TOTAL</u>	<u>46</u>	<u>44</u>

The largest increase is expected in mining, with a rise of 150 per cent. in the current half-year but one of only 50 per cent. above the first half of 1947 in the first half of 1948.

Manufacturing generally is expected to show increases of 55 per cent. and 60 per cent., the largest increase forecast being in engineering, metal-working and vehicle-building, with a 90 per cent. rise for each period. Food, drink and tobacco is expected to show increases of 65 per cent. and 60 per cent., and textiles and clothing 55 per cent. and 50 per cent. All other manufacturing is expected to show an increase of only 25 per cent. in the current half-year, and 35 per cent. in the first half of 1948.

Road, sea and air transport appears to have reached its peak of capital expansion during the first half of 1947, a decline of 20 per cent. being anticipated for the current half-year and 5 per cent. for the first half of 1948.

Wholesale trade is expected to show a substantial increase to 50 per cent. above the first half of 1947 in both the current half-year and the first half of 1948. Retail trade, on the other hand, expects to increase its expenditure by 40 per cent. over the first half of 1947 in the current half-year, but by only 10 per cent. in the first half of 1948.



"All other industry (including building, construction, banking, insurance, entertainment, hotels etc., laundries and dry-cleaning) seems to be near its peak with an anticipated rise of 5 per cent. in the current half-year and a decline of 10 per cent. in the first half of 1948.

In general, the anticipated increases in new capital expenditure are fairly evenly spread over all branches of industry with the exception of transport and "all other". Most industries expect to maintain the higher level of the current half-year through into 1948, but some falling-off is expected in mining and retail trade.

When the final tabulations can be completed it is hoped to present actual money figures for expenditures, and to make a finer sub-division of industries. These preliminary tabulations have been prepared primarily to meet the need for up-to-date statistics giving broad indications of trends, even though at the expense of some loss of accuracy and detail.

Interpretation of the results of a survey of this type will become easier as experience is gained. The next survey of capital expenditure will probably be made at the end of December, 1947, to cover actual expenditure from July to December, 1947, and anticipated expenditures in the two halves of 1948. It will then be possible for the first time to compare anticipated expenditures with expenditures actually made.

Despite some difficulties of interpretation, the first Survey has indicated in a striking way that demand for capital goods and expectations of supply are still rising strongly. At the same time, it suggests the possibility that we may be approaching the peak of post-war capital expansion in a number of industries.

